

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
Division of Research and Statistics

FINANCING OUTLOOK

Prospects for the Treasury cash position shown on the accompanying tables indicate that during the next few months the Treasury might be able to retire as much as 1.5 billion dollars of securities held by the Federal Reserve without reducing Treasury deposits (excluding gold) below 2 billion dollars at any time during the remainder of this calendar year.

Total Treasury deposits will amount to about 3.4 billion at the end of June. In July the Treasury may receive as much as three-quarters of a billion dollars from additional sales of Series F and G bonds but this total will be exceeded by a cash deficit and by retirement of certificates on July 1, and the Treasury balance will be drawn down somewhat. A small cash surplus is likely in August and a substantial one in September.

The effect of Treasury operations on bank reserves can be kept neutral during July and August by proper timing of calls on war loan deposits. If there should be no retirement of Federal Reserve held debt, then calls should be sufficient to maintain the Treasury deposits at Reserve Banks at a constant level of about 1.7 billion dollars. Figures shown in Table I attached are computed on this basis. Pressure could be put on the money market by an additional amount of calls. Drawing down the Treasury balance to retire Federal Reserve held debt would in itself have no effect on the volume of bank reserves except to the extent that the balance is replenished by calls on war loan accounts.

Debt retirement program

Treasury cash available for debt retirement could be used in a number of ways: (a) to retire part of the System's holdings of 2.2 billion dollars of certificates maturing July 1; (b) to retire a portion of weekly bill issues; or (c) to retire the System's holdings of notes maturing September 15 (amounting to about 700 million dollars).

Retirement of bills provides a somewhat more flexible procedure in that it can be readily adjusted to unforeseen changes in the Treasury cash balance or revision in the outlook for Treasury receipts and expenditures. Treasury bills maturing on July 1 and July 8 amount to 1.2 billion dollars. These could be replaced by issues of a billion dollars each. Further retirements of approximately 100 millions a week could be made to the extent that funds are available.

Table 1  
ESTIMATED TREASURY DEPOSITS AND RELATED ITEMS  
(In millions of dollars)

R&S 100-2707  
June 22, 1948

Period	Treasury deposits with Federal Reserve Banks					War loan deposits				Total Treasury deposits <sup>1/</sup> (end of period)
	Amount (end of period)	Change				Amount (end of period)	Change			
		Calls	Redemptions of marketable issues	Income taxes	Other		Income taxes	New securities	Calls	
Statement week ended:										
1948: June 2*	1,567	+ 381	-138	+ 64	- 528	1,758	+ 69	+120	- 381	3,325
9*	1,144	+ 146	- 7	+ 200	- 762	1,799	+101	+ 89	- 146	2,943
16*	984	+ 810	-316	+ 523	-1,177	1,386	+325	+ 73	- 810	2,370
23	1,517	--	- 70	+1,156	- 553	1,561	+ 85	+ 90	--	3,078
30	1,666	--	- 8	+ 657	- 500	1,734	+ 22	+151	--	3,400
July 7	1,675	+ 800	-460	+ 270	- 600	1,595	+ 60	+600	- 800	3,270
14	1,655	+ 400	- 40	+ 220	- 600	1,565	+ 75	+295	- 400	3,220
21	1,640	+ 300	--	+ 210	- 525	1,450	+ 40	+145	- 300	3,090
28	1,660	+ 350	--	+ 170	- 500	1,210	+ 25	+ 85	- 350	2,870
Aug. 4	1,645	+ 100	--	+ 225	- 340	1,280	+ 60	+110	- 100	2,925
11	1,590	--	--	+ 245	- 300	1,495	+140	+ 75	--	3,085
18	1,635	+ 150	--	+ 295	- 400	1,620	+200	+ 75	- 150	3,255
25	1,635	+ 250	--	+ 150	- 400	1,560	+105	+ 85	- 250	3,195
Sept. 1	1,610	+ 250	--	+ 100	- 375	1,505	+ 75	+120	- 250	3,115
8	1,255	--	--	+ 245	- 600	1,695	+100	+ 90	--	2,950
15	1,205	--	-150	+ 550	- 450	2,025	+255	+ 75	--	3,230
22	1,555	--	- 50	+1,275	- 875	2,235	+130	+ 80	--	3,790
29	1,860	--	--	+ 755	- 450	2,365	+ 40	+ 90	--	4,225
Month:										
1948: May*	1,684	+1,258	--	+ 822	-1,632	2,020	+713	+406	-1,258	3,704
June	1,666	+1,320	-539	+2,570	-3,369	1,734	+580	+460	-1,320	3,400
July	1,675	+1,900	-500	+ 975	-2,365	1,225	+210	+1,180	-1,900	2,900
August	1,645	+ 700	--	+ 870	-1,600	1,455	+550	+380	- 700	3,100
September	1,915	--	-200	+2,970	-2,500	2,385	+550	+380	--	4,300
October	1,905	+1,800	-500	+ 990	-2,300	1,195	+230	+380	-1,800	3,100
November	1,945	+1,000	--	+ 880	-1,840	1,155	+580	+380	-1,000	3,100
December	1,915	+ 700	-100	+2,315	-2,945	1,385	+550	+380	- 700	3,300

\* Actual.

<sup>1/</sup> Total Treasury deposits at Federal Reserve Banks and war loan deposits; total does not include free gold, which amounts to a little more than 1 billion dollars, and other small items in the General Fund balance.

GOVERNMENT FINANCE SECTION, BOARD OF GOVERNORS

Table II  
 BUDGET RECEIPTS AND EXPENDITURES, BORROWING AND BALANCES  
 Daily Treasury Statement Basis  
 (Estimated. In billions of dollars)

R&S 100-2707  
 June 22, 1948

Item	1947	1948					1949					Fiscal years			
	July- Dec.	Jan.- Mar.	Apr.	May*	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.- Mar.	Apr.- June	1947-48	1948-49
Net receipts	19.2	15.0	2.8	2.7	4.7	2.2	2.4	4.8	2.3	2.4	4.2	13.2	9.4	44.4	40.9
Expenditures 1/	18.0	8.8	2.8	2.4	5.0	3.7	2.5	3.5	2.9	2.5	4.0	10.3	12.0	37.0	41.4
Bud. surplus or deficit (-)	+ 1.2	+ 6.2	--	+ .3	- .3	-1.5	- .1	+1.3	- .6	- .1	+ .2	+ 2.9	- 2.6	+ 7.4	- .5
Change in debt:															
Nonmarketable	+ 1.5	+ .5	- .2	--	+ .5	+1.5	+ .3	+ .1	- .1	+ .1	+ .1	+ 1.1	+ .9	+ 2.3	+ 4.0
Marketable	- 2.9	- 4.4	- .5	--	- .5	- .5	--	- .2	- .5	--	- .1	- .7	- .4	- 8.3	- 2.4
Adjustment 2/	+ .4	- .2	+ .2	--	--									+ .4	--
Cash balance: change	+ .2	+ 2.1	- .5	+ .3	- .3	- .5	+ .2	+1.2	-1.2	--	+ .2	+ 3.3	- 2.1	+ 1.8	+ 1.1
Outstanding 3/	2.9	5.0	4.5	4.8	4.5	4.0	4.2	5.4	4.2	4.2	4.4	7.7	5.6	4.5	5.6
Retirement of mktb. debt:															
Federal Reserve	- 1.0	- 3.8	- .3	--	--	--	--	--	--	--	--	--	--	- 5.1	--
Other	- 1.9	- .6	- .2	--	- .5	- .5	--	- .2	- .5	--	- .1	- .7	- .4	- 3.2	- 2.4
Change in nonmktb. debt:															
Special issues	+ 1.6	+ .3	- .1	+ .1	+ .9	+ .6	+ .2	+ .3	--	+ .2	+ .3	+ .5	+ 1.0	+ 2.8	+ 3.1
Savings bonds	+ .8	+ .9	+ .1	+ .1	+ .1	+ .9	+ .1	--	+ .1	--	+ .1	+ .8	+ .2	+ 2.0	+ 2.2
Savings notes	- .1	- .3	- .2	- .2	- .4	--	--	- .1	- .1	- .1	- .2	- .2	- .1	- 1.2	- .8
Int'l Monetary Fund	- .4	- .1	--	--	--	--	--	--	--	--	- .1	--	- .1	- .5	- .2
International Bank	- .2	- .1	--	--	- .1	--	--	- .1	--	--	--	--	--	- .4	- .1
Armed forces leave bonds	- 1.0	- .1	--	--	--	--	--	--	- .1	--	--	--	- .1	- 1.1	- .2
Investment bonds	+ 1.0	--	--	--	--	--	--	--	--	--	--	--	--	+ 1.0	--
Other	- .2	- .1	--	--	--	--	--	--	--	--	--	--	--	- .3	--
<b>Total</b>	<b>+ 1.5</b>	<b>+ .5</b>	<b>- .2</b>	<b>--</b>	<b>+ .5</b>	<b>+1.5</b>	<b>+ .3</b>	<b>+ .1</b>	<b>- .1</b>	<b>+ .1</b>	<b>+ .1</b>	<b>+ 1.1</b>	<b>+ .9</b>	<b>+ 2.3</b>	<b>+ 4.0</b>

Note: Assumptions underlying estimates for 1947, 1948 and 1949 respectively as follows, in billions of dollars: Personal income, 197, 217, 224; Personal income tax collections, after tax cut beginning with 1948, 20.5, 18.5, 18.5; Corporate Federal income tax liability, 10.4 and 10.2; Budget expenditures reduced from January official estimates by 1.6 billion in fiscal 1948 and increased by 1.5 billion in fiscal 1949.

\* Actual.

1/ Including net expenditures in trust accounts and clearing account.

2/ Adjustment for difference between General Fund balance and cash balance due principally to timing of receipts and expenditures.

3/ Including free gold of about 1 billion dollars.

GOVERNMENT FINANCE SECTION, BOARD OF GOVERNORS

Table III

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## TREASURY CASH INCOME AND OUTGO, DEBT TRANSACTIONS AND BALANCES

R&S 100-2707  
June 22, 1948

(Estimated. In billions of dollars)

Item	1947	1948										1949		Fiscal years	
	July- Dec.	Jan.- Mar.	Apr.*	May*	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.- Mar.	Apr.- June	1947-48	1948-49
Cash income	20.5	15.7	3.0	3.3	4.8	2.3	3.1	4.8	2.5	3.1	4.3	13.9	10.4	47.3	44.4
Cash outgo	19.2	9.3	3.0	2.8	4.2	3.1	2.9	3.4	3.1	3.0	3.9	10.5	12.0	38.5	41.9
Excess of cash income or outgo (-)	+ 1.3	+ 6.4	--	+ .5	+ .6	- .8	+ .2	+1.4	- .6	+ .1	+ .4	+ 3.4	- 1.6	+ 8.8	+ 2.5
Net cash borrowing or repayment (-)															
Nonmarketable <sup>1/</sup>	+ 1.4	+ .3	- .2	- .2	- .4	+ .8	--	--	- .1	- .1	- .1	+ .6	- .1	+ .9	+ 1.0
Marketable <sup>2/</sup>	- 2.9	- 4.4	- .5	--	- .5	- .5	--	- .2	- .5	--	- .1	- .7	- .4	- 8.3	- 2.4
Adjustment	+ .4	- .2	+ .2	--	--	--	--	--	--	--	--	--	--	+ .4	--
Treas. cash bal.: change outstdg.	+ .2	+ 2.1	- .5	+ .3	- .3	- .5	+ .2	+1.2	-1.2	--	+ .2	+ 3.3	- 2.1	+ 1.8	+ 1.1
	2.9	5.0	4.5	4.8	4.5	4.0	4.2	5.4	4.2	4.2	4.4	7.7	5.6	4.5	5.6
Change in nonmktb. sec's-total	+ 1.4	+ .3	- .2	- .2	- .4	+ .8	--	--	- .1	- .1	- .1	+ .6	- .1	+ .9	+ 1.0
Savings bonds	+ .5	+ .7	--	--	--	+ .8	--	--	--	--	--	+ .6	--	+ 1.2	+ 1.4
Savings notes	- .1	- .3	- .2	- .2	- .4	--	--	- .1	- .1	- .1	- .2	- .2	- .1	- 1.2	- .8
Investment bonds	+ 1.0	--	--	--	--	--	--	--	--	--	--	--	--	+ 1.0	--
Postal Sav. Sys., sp. issues	+ .2	+ .1	--	--	--	--	--	--	--	--	--	+ .1	--	+ .3	+ .1
Mkt. trans., Tr. accounts <sup>3/</sup>	- .4	- .2	--	--	--	--	--	--	--	--	--	--	--	- .6	--
Mkt. trans., Gov. corp. <sup>3/</sup>	+ .2	--	--	--	--	--	--	--	--	--	--	--	--	+ .2	--
Matured & miscel. debt	- .1	--	--	--	--	--	--	--	--	--	--	--	--	- .1	--
Guaranteed debt	+ .1	--	--	--	--	--	--	+ .1	--	--	+ .1	+ .1	--	+ .1	+ .3

\* Actual

<sup>1/</sup> Including changes in guaranteed debt, matured and miscellaneous debt and changes in holdings of special issues by the Postal Savings System and of marketable securities by Trust accounts and by wholly and partially owned Government corporations whose investments are handled through the Treasury.

<sup>2/</sup> Change in amounts outstanding whether or not in the hands of the public or in Treasury investment accounts.

<sup>3/</sup> Change in amounts in hands of public as result of Treasury transactions; (-) indicates Treasury purchases and (+) indicates Treasury sales.

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Table IV  
OWNERSHIP AND RETIREMENT OF PUBLIC DEBT BY TYPE OF ISSUE AND TYPE OF INVESTOR  
PUBLIC MARKETABLE SECURITIES OTHER THAN TREASURY BILLS  
(Partly estimated. In millions of dollars)

R&S 100-2707  
June 22, 1948

Issue	Held by			Total out- standing	Redeemed for cash				Exchanged for new sec's	
	Commercial banks	Federal Reserve Banks	Nonbank investors		Total	Commer- cial Banks*	Federal Reserve Banks	Nonbank inves- tors*	Total	Description
1948: Jan. 1, 7/8% CI (A)	1,369	751	1,014	3,134	542	82	400	60	2,592	Jan.49 1 1/8 CI (A)
Feb. 1, 7/8% CI (B)	1,153	1,614	1,180	3,947	1,757	71	1,614	72	2,190	Feb.49 1 1/8 CI (B)
Mar. 1, 7/8% CI (C)	914	285	943	2,142	454	83	285	86		
Mar.15, 2% TB	627	75	413	1,115	218	86	75	57	3,546	Mar.49 1 1/8 CI (C)
Mar.15, 2 3/4% TB	859	101	263	1,223	262	123	101	38		
Apr. 1, 7/8% CI (D)	520	106	695	1,321	267	69	106	92	1,054	Apr.49 1 1/8 CI (D)
June 1, 7/8% CI (E)	414	275	1,088	1,777	160	44	--	116		
June 15, 1 3/4% TB	1,877	119	1,066	3,062	379	242	--	137	4,300	June 49 1 1/8 CI (E)
July 1, 7/8% CI (F)	846	1,088	808	2,742						
July 1, 7/8% CI (G)	316	507	304	1,127						
July 1, 7/8% CI (H)	750	648	811	2,209						
Sept.15, 1 1/2% TN	1,931	732	1,085	3,748						
Sept.15, 2 1/2% TB	376	--	75	451						
Oct. 1, 1% CI (J)	526	160	668	1,354						
Oct. 1, 1% CI (K)	544	260	663	1,467						
Oct. 1, 1% TN	1,490	1,028	1,574	4,092						
Dec. 15, 2% TB	438	--	133	571						
Totals: Jan. - June	7,733	3,326	6,662	17,721	4,039	800	2,581	658	13,682	
July - Dec.	7,217	4,423	6,121	17,761						
1949: Jan. 1, 1 1/8% CI (A)	1,317	191	1,084	2,592						
Jan. 1, 1 1/8% TN	1,250	175	2,110	3,535						
Feb. 1, 1 1/8% CI (B)	934	220	1,035	2,189						
Mar. 1, 1 1/8% CI (C)	2,084	692	777	3,553						
Apr. 1, 1 1/8% CI (D)	451	87	517	1,055						
June 1, 1 1/8% CI (E)	2,141	544	1,615	4,300						
June 15, 2% TB	608	100	306	1,014						
Total: Jan. - June	8,785	2,009	7,444	18,238						

\* Estimated. Note: Amounts outstanding are for May 31, 1948 and F.R. Bank holdings are for June 16, 1948. Commercial bank data are from Treas. Survey of Ownership of U.S. Gov. securities for Mar. 31, 1948 adjusted for changes in holdings by the F.R. Banks between Mar. 31 and June 16, 1948. For issues maturing prior to Mar. 31 amounts are for the month preceding maturity.